

Comments: Education and Family Benefits Tax Reform Working Group

Under the FairTax, individuals never have to file a tax return.

Expenditures for education are not taxed, so private investment in education should grow, particularly among those who can least afford it.

The prebate provided by the FairTax makes the FairTax progressive by not taxing the poor. The very poor (actually everybody) will receive a monthly deposit ("prebate") equal to 23% of income at the poverty level. For two adults and two children, the annual prebate would be \$6,960. The federal tax will be zero for people spending at the poverty level, 11.5% for people at twice the poverty level, and 23% for millionaires.

Under the FairTax, taxes will no longer penalize extra work and effort, and will no longer be biased in favor of leisure, consumption and debt instead of work, savings, investment and entrepreneurship.